

**Alcohol and Drug Abuse Council for
South Louisiana**

Financial Statements
and Independent Auditor's Report
June 30, 2014

Alcohol and Drug Abuse Council for South Louisiana

**Financial Statements and Independent Auditor's Report
As of and for the Year Ended
June 30, 2014**

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**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alcohol and Drug Abuse Council
for South Louisiana
Houma, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Alcohol and Drug Abuse Council for South Louisiana (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the

To the Board of Directors
Alcohol and Drug Abuse Council
for South Louisiana
Houma, Louisiana

circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

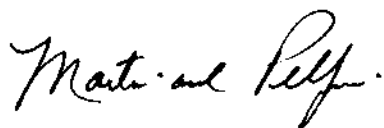
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alcohol and Drug Abuse Council for South Louisiana as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of Alcohol and Drug Abuse Council for South Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Houma, Louisiana
December 12, 2014

FINANCIAL STATEMENTS

Alcohol and Drug Abuse Council for South Louisiana

Statement of Financial Position June 30, 2014

ASSETS

Current Assets:

Cash and cash equivalents	\$ 33,480
Accounts receivable	2,230
Unconditional promises to give:	
Governmental grants	34,756
Corporate	12,657
Prepaid expenses	<u>4,480</u>

TOTAL CURRENT ASSETS 87,603

Property and equipment, net of accumulated depreciation
of \$33,784

14,387

TOTAL ASSETS \$ 101,990

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 5,341
Payroll taxes payable	2,343
Capital lease obligation	<u>3,105</u>

TOTAL LIABILITIES 10,789

Net Assets:

Unrestricted	78,544
Temporarily restricted	<u>12,657</u>

TOTAL NET ASSETS 91,201

TOTAL LIABILITIES AND NET ASSETS \$ 101,990

The accompanying notes are an integral part of these financial statements.

Alcohol and Drug Abuse Council for South Louisiana

Statement of Activities
Year Ended June 30, 2014

UNRESTRICTED NET ASSETS

SUPPORT AND RECLASSIFICATIONS

Support

Governmental grants	\$178,360
Program service fees	25,318
Contributions	20,581
In-Kind contributions	10,821
Miscellaneous	1,479
Interest income	25

TOTAL UNRESTRICTED SUPPORT 236,584

Reclassifications

United Way Services funding for the year released from restriction	<u>36,014</u>
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**TOTAL UNRESTRICTED SUPPORT AND
RECLASSIFICATIONS** 272,598

EXPENSES

Program services	199,531
Management and general	45,027
Fundraising	15,885

TOTAL EXPENSES 260,443

INCREASE IN UNRESTRICTED NET ASSETS 12,155

TEMPORARILY RESTRICTED NET ASSETS

United Way Services grant	23,100
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Net assets released from restrictions:

Expiration of time restrictions on United Way Services funding	<u>(36,014)</u>
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**DECREASE IN TEMPORARILY RESTRICTED
NET ASSETS** (12,914)

CHANGE IN NET ASSETS (759)

NET ASSETS AT BEGINNING OF YEAR 91,960

NET ASSETS AT END OF YEAR \$ 91,201

The accompanying notes are an integral part of these financial statements.

Alcohol and Drug Abuse Council for South Louisiana

Statement of Functional Expenses Year Ended June 30, 2014

	Program Services	Management and General	Fundraising	Total
Contract counselors	\$ 60,726	\$ 20,242	\$ -	\$ 80,968
Salaries and services	60,161	-	-	60,161
Rent	18,000	6,000	-	24,000
Accounting	12,042	4,014	-	16,056
Fundraising	-	-	15,885	15,885
Program supplies	13,062	-	-	13,062
Insurance	6,750	2,250	-	9,000
Travel	5,100	1,700	-	6,800
Utilities	4,976	1,659	-	6,635
Payroll taxes	4,646	1,549	-	6,195
Telephone	4,136	1,379	-	5,515
Repairs and maintenance	3,906	1,302	-	5,208
Office supplies	2,966	988	-	3,954
Postage	1,482	494	-	1,976
Dues and subscriptions	822	274	-	1,096
Advertising	-	570	-	570
Evaluations	360	-	-	360
Taxes	144	48	-	192
Employee benefits	140	47	-	187
Conferences and conventions	112	37	-	149
Interest	-	91	-	91
Other	-	10	-	10
Total expenses before depreciation	199,531	42,654	15,885	258,070
Depreciation	-	2,373	-	2,373
Total expenses	<u>\$ 199,531</u>	<u>\$ 45,027</u>	<u>\$ 15,885</u>	<u>\$ 260,443</u>

The accompanying notes are an integral part of these financial statements.

Alcohol and Drug Abuse Council for South Louisiana

Statement of Cash Flows
Year Ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (759)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	2,373
(Increase)/decrease in operating assets:	
Accounts receivable	817
Unconditional promises to give	3,128
Prepaid expenses	(137)
Increase/(decrease) in operating liabilities:	
Accounts payable	(5,986)
Payroll taxes payable	<u>198</u>

NET CASH USED IN OPERATING ACTIVITIES

(366)

CASH FLOWS USED IN FINANCING ACTIVITIES:

Principal payments on capital lease obligation	<u>(3,796)</u>
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NET DECREASE IN CASH AND CASH EQUIVALENTS

(4,162)

BEGINNING CASH AND CASH EQUIVALENTS

37,642

ENDING CASH AND CASH EQUIVALENTS

\$ 33,480

SUPPLEMENTAL INFORMATION:

Cash paid during the year for interest	<u>\$ 91</u>
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The accompanying notes are an integral part of these financial statements.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF THE ORGANIZATION

Alcohol and Drug Abuse Council for South Louisiana (ADAC), a not-for-profit, voluntary health and welfare agency based in Houma, Louisiana, focuses on the education and prevention of alcohol and other drug dependence in Terrebonne and Lafourche parishes, particularly as they affect children and adolescents.

B. BASIS OF PRESENTATION

The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

C. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, ADAC considers all unrestricted cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

D. PROMISES TO GIVE

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

E. BAD DEBTS

The financial statements of ADAC contain no allowance for uncollectible promises to give. Uncollectible accounts are recognized as an expense at the time information becomes available that indicates the amounts are uncollectible. While generally accepted accounting principles require that bad debts be recorded utilizing the allowance method, the difference between the two methods is immaterial to the Organization as management considers all promises to give to be fully collectible.

F. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost. Depreciation is computed utilizing the straight line method over estimated useful lives of five to seven years. Property and equipment acquisitions are capitalized if the purchase price exceeds \$200 and the asset has a useful life of greater than one year.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

G. NET ASSETS

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ADAC and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by action of ADAC and/or the passage of time. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by ADAC. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

H. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

I. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

J. INCOME TAXES

ADAC is a not-for-profit, voluntary health and welfare agency exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(1) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

K. ADVERTISING

Advertising costs are expensed as incurred and are included in functional expenses. Advertising expense totaled \$570 for the year ended June 30, 2014.

NOTE 2 – FUNDING POLICIES

ADAC receives funding on a reimbursement for actual expense basis from:

- 1) Louisiana State Department of Health and Hospitals/Office for Addictive Disorders as pass through agent for federal funding from the United States Department of Health and Human Services;
- 2) Louisiana State Department of Health and Hospitals/Office of the Secretary as pass through agent for federal funding under the Tobacco Control Program; and
- 3) South Central Planning and Development Commission as pass through agent for the Louisiana Highway Safety Commission – Occupant Protection Enforcement Campaign.

ADAC receives local funding from the United Way for South Louisiana. These monies are received by ADAC in monthly installments.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consist of the following:

Governmental

State of Louisiana Department of Health and Hospitals:

Office for Addictive Disorders

\$ 33,175

Intertribal Government

1,581

34,756

Corporate

United Way for South Louisiana

12,657

\$ 47,413

All unconditional promises to give are due within one year and are considered to be fully collectible by management.

The amount due from United Way for South Louisiana represents the Organization's allocation for the remainder of calendar year 2014.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements As of and for the Year Ended June 30, 2014

NOTE 3 – PROMISES TO GIVE (Cont.)

The unconditional promise to give from the United Way for South Louisiana is temporarily restricted as to the passage of time. All other unconditional promises to give are unrestricted.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in property and equipment follows:

	Balance July 1, 2013	Additions	Dispositions	Balance June 30, 2014
Furniture and fixtures	\$ 31,155	\$ -	\$ -	\$ 31,155
Library items	8,837	-	-	8,837
Leasehold improvements	8,179	-	-	8,179
	48,171	-	-	48,171
Accumulated depreciation	(31,411)	(2,373)	-	(33,784)
	<u>\$ 16,760</u>	<u>\$ (2,373)</u>	<u>\$ -</u>	<u>\$ 14,387</u>

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization maintains three bank accounts at a two different institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at these institutions did not exceed federally insured limits at any point during the year ended June 30, 2014.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of promises to give due from the State of Louisiana Department of Health and Hospitals and the United Way for South Louisiana. Because these receivables are passed through support from the federal or state governments or local donors, the Organization requires no collateral for these amounts.

NOTE 6 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, accounts receivable, unconditional promises to give, accounts payable, line of credit, and capital lease obligation. Management estimates that the fair value of all financial instruments as of June 30, 2014 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2014

NOTE 7 – RESTRICTIONS ON NET ASSETS

The restrictions on net assets as of June 30, 2014 relate to the United Way for South Louisiana grant which is restricted until the passage of time.

NOTE 8 – GOVERNMENTAL AND OTHER GRANTS

During the year ended June 30, 2014, the Organization received unconditional promises to give in the form of grants from the following grantors:

Government Grants

State of Louisiana/Department of Health and Hospitals/ Office for Addictive Disorders	\$159,140
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State of Louisiana/Department of Health and Hospitals/ Office of the Secretary/Tobacco Control Program	14,400
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Louisiana Highway Safety Commission-Occupant Protection Enforcement Campaign/SCPDC/ Child Passenger Safety Grant (See Note 13)	4,820
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Total government grants	<u>\$178,360</u>
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Other Grant

United Way for South Louisiana Grant	<u>\$23,100</u>
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NOTE 9 – OPERATING LEASE

The Organization leases the building from which it performs its administrative and program functions from an unrelated third party on a month-to-month basis for \$1,600 per month. Rental payments during the year totaled \$19,200. The Organization also recognized \$4,800 of in-kind income and rent expense, as the building is being leased at an amount less than the prevailing market rate.

NOTE 10 – CAPITAL LEASE OBLIGATION

On March 5, 2012, the Organization entered into a three year capital lease agreement with a third party for the purchase of office equipment. Monthly payments of \$345, including taxes, are due with the final payment due on February 5, 2015.

The amount of office equipment in the balance sheet recorded under this capital lease is \$11,836.

The lease will be paid in full in the next fiscal year and the ownership of the asset will be transferred to the Organization.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements As of and for the Year Ended June 30, 2014

NOTE 11 – LINE OF CREDIT

The Organization has entered into a line of credit agreement with a bank to aid in cash flow management. This agreement, which is unsecured and has a borrowing limit of \$10,000, accrues interest on unpaid balances equal to the bank's prime lending rate plus two percentage points (5.25% at June 30, 2014). There is no balance due under the agreement as of June 30, 2014.

NOTE 12 – IN-KIND CONTRIBUTIONS

In-kind contributions represent the estimated fair value of general corporate goods and services provided. Contributed goods are valued at fair market value on the date of the donation. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills that would typically need to be purchased if not provided by donation.

The following is a summary of in-kind contributions for the year ended June 30, 2014:

	<u>Estimated Market Value</u>
Fund raising expenses	\$ 6,021
Rent expense	4,800
	<u>\$ 10,821</u>

The value of donated volunteer services is not reflected in the accompanying financial statements since they do not meet the recording criteria as per FASB 116. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program, administrative, and fund-raising activities.

NOTE 13 – UNCERTAIN INCOME TAXES

The Organization's 2012 tax returns were filed appropriately. As of December 2014, the Organization had not filed their 2013 tax return as the filing due date had been extended to February 15, 2015. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in income tax expense. The Organization's tax filings are subject to audit by various taxing authorities. The Organization's open audit period is 2010 to 2012. Management has evaluated the Organization's tax position and concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

Alcohol and Drug Abuse Council for South Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2014

NOTE 14 – CHILD PASSENGER SAFETY GRANT

The Organization acts as administrator on behalf of the Child Passenger Safety Grant program which is sponsored by the Louisiana Highway Safety Commission – Occupant Protection Enforcement Campaign and funded through the South Central Planning and Development Commission (SCPDC). Car seats are purchased by the Organization and distributed regionally to various “fitting” stations. The Organization is then reimbursed for the costs of the car seats by SCPDC. A total of \$4,820 was received in grant proceeds during the year ended June 30, 2014.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through December 12, 2014, which is the date the financial statements were available to be issued, and it was determined that no events occurred that requires disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Alcohol and Drug Abuse Council
for South Louisiana
Houma, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alcohol and Drug Abuse Council for South Louisiana, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did

To the Board of Directors
Alcohol and Drug Abuse Council
for South Louisiana
Houma, Louisiana

not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 14-01, to be a significant deficiency in internal control over financial reporting.

Compliance and Other Matters

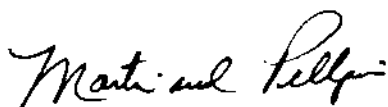
As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Auditee's Response to Finding

Alcohol and Drug Abuse Council for South Louisiana's response to the finding in our audit is described in the accompanying Schedule of Findings and Responses. Such response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of management, Board of Directors, and the Louisiana Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Houma, Louisiana
December 12, 2014

OTHER INFORMATION

Alcohol and Drug Abuse Council for South Louisiana

Schedule of Findings and Responses As of and For the Year Ended June 30, 2014

Section I – Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the financial statements of ADAC.
2. One significant deficiency (see finding 14-01) was noted during the audit of the financial statements. This significant deficiency was not considered to be a material weakness.
3. No instances of noncompliance or other matters material to the financial statements of ADAC which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. A management letter was not issued.

Section II – Financial Statement Findings

No findings material to the financial statements of ADAC were noted during the audit.

Section III – Internal Control Findings

14-01

Statement of Condition: A significant deficiency in the Organization's internal control.

Criteria: In our consideration of internal control, we noted that the size of Alcohol and Drug Abuse Council for South Louisiana's operations and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Effects of Condition: The internal control, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Cause of Condition: The size of Alcohol and Drug Abuse Council for South Louisiana and its limited accounting staff preclude an adequate segregation of duties and other features of an adequate system of internal control.

Alcohol and Drug Abuse Council for South Louisiana

Schedule of Findings and Responses As of and For the Year Ended June 30, 2014

Recommendation: The Board of Directors of Alcohol and Drug Abuse Council for South Louisiana should closely monitor the activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost-beneficial to employ an adequate system of internal controls.

Response: The management of Alcohol and Drug Abuse Council for South Louisiana agrees with this finding.

Questioned Costs:

\$ -0-

Section IV – Federal Award Findings and Questioned Costs

This section is not applicable.

Alcohol and Drug Abuse Council for South Louisiana

Management's Corrective Action Plan for Current Year Findings As of and For the Year Ended June 30, 2014

The contact person for all corrective actions noted below is Mr. William Miller, III, Executive Director.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of Alcohol and Drug Abuse Council for South Louisiana should closely monitor the activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Planned Action: The Board of Directors will closely monitor the activities of the Organization until it is financially feasible to employ additional staff.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Alcohol and Drug Abuse Council for South Louisiana

Schedule of Prior Findings and Resolution Matters As of and For the Year Ended June 30, 2014

Note: All prior findings relate to the June 30, 2013 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

Inadequate Internal Control

Condition: A significant deficiency in the internal control related to lack of segregation of duties.

Recommendation: The Board of Directors of Alcohol and Drug Abuse Council for South Louisiana should closely monitor the day-to-day activities of the Organization and implement other control procedures until the agency has grown to the point where it is cost beneficial to employ an adequate system of internal controls.

Planned Action: The Board of Directors will closely monitor the day-to-day activities of the Organization until it is financially feasible to employ additional staff.

Status: Ongoing. The Organization has implemented the recommendation, but the lack of segregation of duties continues to exist. As such, the Board will continue to perform the recommendation.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.